MR. CHAIRMAN: Please...*(Interruptions)*...This is not correct. *(Interruptions)* There is a procedure for deciding it. We will go through it.

SHRI MAHENDRA MOHAN: If we can give all the time to Satyam in Question Hour, then, why not for this?

SHRI T. R. BAALU: I am ready to discuss on this question at any time, even now. *(Interruptions)*

MR. CHAIRMAN: Fair enough. We will slot it as per procedures.

Question No. 63 has been withdrawn.

*63. [Withdrawn]

Frozen demat accounts

*64. SHRI B. K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether Government has initiated moves to forfeit the funds locked up in more than twelve lakh frozen demat accounts as unclaimed property;

(b) whether the sum total of these frozen demat accounts is around Rs. 20,000 crores;

(c) whether the account holders of the frozen demats have been served with a final notice to comply with statutory norms; and

(d) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) to (d) A statement is laid on the Table of the House.

Statement

(a) to (d) It has been decided to make PAN mandatory for all categories of demat account holders in respect of such accounts opened by them on or after April 1, 2006. In respect of demat accounts which existed prior to April, 1, 2006, Securities and Exchange Board of India (SEBI) had given September 30, 2006 as the deadline for production of PAN. This was extended to December 31, 2006. The demat accounts of those investors who did not comply with the mandatory PAN requirement by December 31, 2006, were suspended for debit *i.e.* frozen with effect from January 01, 2007. Efforts have been made to inform the beneficial owners to provide PAN and activate the frozen accounts. As per data furnished by the two depositories, the total number of frozen accounts has come down from a little over 43.5 lakh accounts on 01-01-2007 to about 6.56 lakh accounts on 31-01-2009. Correspondingly, the assets in the frozen accounts have come down in value from about Rs. 638318 crore to Rs. 8804 crore for the same period. There is a proposal to declare the frozen accounts with the Depositories as unclaimed, so as to consider forfeiture of the unclaimed securities.

SHRI B.K. HARIPRASAD: Mr. Chairman, Sir, the answer given to me by the Ministry is very disappointing. The demat account was introduced to make it easier for investors to buy and sell the shares. We have been witnessing lot of scams year after year. Though the Government has

taken stern steps and they have introduced some of the rules and laws for the big operators and scamsters, they have found that laws are passed only to be by-passed. To my question the answer is: "As per data furnished by the two depositories, the total number of frozen accounts has come down from 43.5 lakh accounts on 1.1.2007 to about 6.56 lakh accounts on 31.1.09. Correspondingly, the assets in the frozen accounts have come down in value from about Rs. 638318 crores to Rs. 8804 crores." It looks that some of the irregularities have been regularised. I just wanted to know from the hon. Minister what are the stern steps or actions which have been taken to avoid these kinds of irregularities, specially in the IPOs.

SHRI PRANAB MUKHERJEE: Sir, the policy statement which was made by the Finance Minister in his Budget Speech that Permanent Account Number, PAN is mandatory and when PAN was mandatory the time was also given to those who are not using the PAN and twice the time was extended. As a result of that, in the intervening period many people declared their PAN and they regularised their accounts. That is why it came down from 6,38,000. Substantially it was reduced and once the first date was fixed for six months, up to September, thereafter it was extended up to 31st December, 2006. Sometimes it happens that it remains idle, the investors do not use it or investors want to use it for some time. So, now we are also going to bring a legislation to ensure what to do with the amount which is involved with it and the legislations will come and the Members will get the opportunity to review it.

SHRI B.K. HARIPRASAD: Sir, my specific question was: Whether the Government is intending to forfeit money in the frozen accounts. By the time the Government brings any amendment, probably, these accounts may be regularised and, the amount of Rs. 8,000 and odd crores may also be regularised. I would like to know from the hon. Minister how fast action on this would be taken by the Government.

SHRI PRANAB MUKHERJEE: Sir, the question is not to forfeiting the amount. Had it been the question of forfeiture of the amount, the Government would have done much earlier. The Government wanted to give an opportunity to accountholders to regularise their accounts. Now, whoever opens a new account from 1st April, 2006, has to submit the PAN details. Whoever opened their accounts prior to that, they were given opportunities and many of them have been regularised their accounts. Therefore, it is not the question of forfeiture. If accounts are not regularised even after that, other issues come in. The Government wants to bring in discipline. The objective was to bring in discipline. After the announcement of the policy by the hon. Finance Minister, no new account can be opened on or after 1st April, 2006, without the PAN. And, those who had opened earlier were to be regularised and quite a large number of them were regularised. It is expected that if the remaining people do not regularise, then it will have to be done through the due process of law.

SHRI RAVI SHANKAR PRASAD: Sir, these kinds of problems are arising with alarming regularity. So, I would like to know from the hon. Minister whether he is contemplating some kind of a proper institutional mechanism so that this kind of problem does not arise the way in which they have been arising in view of our expanding economy and the nature of sufferings that we are having because of recession.

SHRI PRANAB MUKHERJEE: Of course, Sir. This is a continuous exercise. The hon. Member is knowledgeable. He knows the way the Stock Market has expanded over the last few years. To some extent — I may be a bit conservative — it was not expected and it was not a very healthy sign as there have been a lot of speculations and other things are also there. That is why I am saying that the hon. Finance Minister announced this as a policy statement in his Budget Speech of 2006-07. So, it was taken care of. As and when visible irregularities or discrepancies are noticed, then they are to be corrected and corrective measures have to be taken either through administrative or legislative mechanism.

SHRI SYED AZEEZ PASHA: Sir, I would like to know from the hon. Minister whether his Ministry is thinking on the lines of bringing an amendment either to the Depositories Act or inserting a provision in the Income Tax Act for forfeiture of *benami* assets. Is there any such proposal before the Government?

SHRI PRANAB MUKHERJEE: Sir, the current thinking in the Government is that we will bring the necessary amendments to the Depositories Act.

श्री महेन्द्र मोहन : सर, मैं आपके माध्यम से माननीय मंत्री जी से यह जानना चाहूँगा कि जो 8,804 करोड़ रुपए डिपॉजिटरी में पड़े हुए हैं, जिसे unclaimed amount के रूप में forfeit करने की बात चल रही है, इस रुपए का उपयोग किस प्रकार से किया जाएगा? हमारे देश में investors को अभी भी पूरी जानकारी नहीं है कि किस प्रकार से स्टॉक एक्सचेंज में पैसा लगाया जाए। मैं चाहता हूँ कि इसके बारे में उनको educate किया जाए। इसलिए मैं चाहूँगा कि investors को जानकारियाँ देने के लिए और उनको educate करने के लिए इस फंड का प्रयोग किया जाए, ताकि हमारे यहाँ का investor सही रूप से investment कर सके और सत्यम जैसी घटना दोबारा न हो, जिसके कारण सदन का पूरा समय एक प्रश्न के ऊपर ही चला गया।

SHRI PRANAB MUKHERJEE: Sir, it is one of the proposals. It is correct that the investors do not know and the scheme started with a name 'Know your Client' so that the information and knowledge could be expanded. One of the objectives is that a part of this amount would be utilised for sharing information and raising knowledge and information available to the prospective investors.

Functioning of SEBI

*65. SHRI SANJAY RAUT:
SHRI BHARATKUMAR RAUT:††

Will the Minister of FINANCE be pleased to state:

(a) whether the Satyam Scam is the result of inefficiency of our financial system,

††The question was actually asked on the floor of the House by Shri Bharatkumar Raut.